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C O N F I D E N T I A L SECTION 01 OF 02 KUWAIT 004050

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SUBJECT: TFUS01: GOK BEGINS TO CLARIFY ITS INTENTIONS ON
BREAKDOWN OF HURRICANE KATRINA ASSISTANCE

REF: KUWAIT 3947

Classified By: Ambassador Richard LeBaron. Reasons: 1.4 (b) and (d)

11. (C) Summary/Comment. Ambassador was convoked to the Ministry of Foreign Affairs on September 14 by Khaled Al-Babtain, the acting MFA Under Secretary. Al-Babtain clarified that the GOK 500M USD assistance offer would be comprised of 100M USD in cash for humanitarian assistance (HA); 300M USD in petrochemical products; and 100M USD in jet fuel for use by U.S. forces in Iraq. He explained that the first 100M in HA would be directly given to the Bush-Clinton Fund (25M), the Red Cross (25M), with the remainder (50M) going to the Kuwaiti Red Crescent for dispersal to the Red Cross. Al-Babtain promised to provide specifics on dispersal modalities for these donations. He welcomed the Ambassador's recommendation to sell the petrochemical products on the market and donate cash proceeds to relief efforts, although he is not the decision-maker on the specifics of this process. End Summary

12. (C) COMMENT FROM AMBASSADOR: The clarification on the modalities for accepting the Kuwaiti aid will be an iterative process that will take some time. Most of the aid will also be subject to National Assembly approval, and the Assembly does not come back into session until mid-October. The offer of jet fuel is in direct response to a CENTCOM request for additional fuel for operations in Iraq. This will mean that DOD does not have to buy the fuel (and thus effectively picks up \$100 million of DOD costs incurred for Katrina aid). My interlocutor today welcomed our idea on turning the rest of the fuel contribution into cash, but he does not have the last word on this and the idea will need to be operationalized with the KPC experts. I suggest that Washington start talking to the KPC rep there about this aspect of the contribution. Finally, the overall distribution of the funds represents a cabinet decision by the Kuwaitis and the USG should not put itself in a position of trying to re-jigger the distributions or micro-manage the timing. We need to keep in mind that this aid is nearly equal to all the other international aid promises combined, and manage our acceptance with efficiency, but also with patience and grace. END COMMENT.

13. (C) On September 14, Ambassador met with Khaled Al-Babtain (at his request), the Acting Under-Secretary at the Ministry of Foreign Affairs (MFA), to discuss the details and modalities of the GOK's 500 million USD Hurricane Katrina contribution. Ambassador shared with Al-Babtain the NSC-approved points detailing the USG position and thanked Al-Babtain for the GOK's generous offer. Ambassador asked for clarification on the GOK offer and the expected timing of aid dispersal. Al-Babtain explained that the GOK was also eager to move forward in planning. Reading from a decision memo of the Kuwaiti Council of Ministers (cabinet), Babtain provided the GOK's intentions on the breakdown of their aid. It will be:

- 100M USD cash for humanitarian assistance
- 100M USD in jet fuel for U.S. forces in Iraq
- 300M USD worth of petrochemical products

100 Million USD Cash for Humanitarian Assistance

14. (C) He explained that the 100M cash contribution for humanitarian assistance would be distributed as follows:

- 25M USD directly to the Bush-Clinton hurricane relief fund (to be done on 9/15 in New York)
- 25M USD contribution to the American Red Cross (timing to be determined)
- 50M USD dispersal to the Kuwaiti Red Crescent to coordinate with the American Red Cross (timing to be determined)

15. (C) Al-Babtain was unaware about the specific timing of dispersals beyond the 25 million USD for the Bush-Clinton Fund. He assured the Ambassador that he would seek clarification on the timing and other details of the humanitarian assistance dispersals.

100 Million USD in Jet Fuel

16. (C) This portion was forecast by the Energy Minister on September 5 (see reftel, para 4). Al-Babtain pointed out that 100M USD worth of jet fuel would be provided for U.S. military operations in Kuwait. He noted that the fuel offer was in response to the USG request for additional fuel to meet operational requirements in Iraq. Asked about modalities for this portion, Ambassador suggested strongly that this portion be handled by Defense Energy Support Center (for U.S.) and Kuwait Petroleum Company.

300 Million USD in Petrochemical Products

17. (C) With regard to the remaining 300M USD, Al-Babtain welcomed the U.S. input recommending sale of the petrochemical products on the open market and transfer the cash proceeds directly to hurricane relief efforts. The Ambassador shared with Al-Babtain the NSC-approved points explaining the efficiencies afforded by cash contributions and the benefit the added supply would have on the global market. Ambassador passed along the non-paper as a reference outlining the USG position.

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